

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 JUSE-00 L-03 CIAE-00 DODE-00

INR-07 NSAE-00 PA-02 USIA-15 PRS-01 SP-02 COME-00

TRSE-00 OMB-01 FTC-01 FRB-01 SS-15 NSC-05 /073 W

----- 023016

P 272135Z AUG 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 881

INFO AMCONSUL TORONTO

AMCONSUL WINNIPEG

UNCLAS OTTAWA 3475

E.O. 11652: N/A

TAGS: ETRD, CA

SUBJ: ANTITRUST-POTASH- MEDIA REACTION

REF: OTTAWA 3474

1. CP WIRE AFTERNOON AUGUST 27, IN REGINA-DATELINED STORY, QUOTES SASKATCHEWAN LIBERAL PARTY LEADER DAVE STEUART AS CALLING JUSTICE DEPARTMENT'S ACTION IN BRINGING PRICE-FIXING CHARGES AS "ARROGANT STUPIDITY," "DISGRACEFUL," AND AN ATTEMPT BY USG TO IMPOSE ITS LAWS ON SASKATCHEWAN AND DENY PROVINCE RIGHT TO CONTROL ITS OWN RESOURCES. STORY NOTES THAT KIM THORSON, FORMER SASKATCHEWAN MINERAL RESOURCES MINISTER, WHO WAS NAMED ALONG WITH STEUART AND OTHERS AS AN UNINDICTED CO-CONSPIRATOR, DECLINED COMMENT.

2. TEXT OF CP STORY FOLLOWS:

BEGIN QUOTE:

THE U.S. GOVERNMENT'S ACTION IN BRINGING PRICE-FIXING CHARGES AGAINST VARIOUS COMPANIES BECAUSE OF SASKATCHEWAN POTASH REGULATIONS TODAY WAS CONDEMNED
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BY PROVINCIAL LIBERAL LEADER DAVE STEUART AS

"ARROGANT STUPIDITY."

MR. STEUART, A KEY FIGURE IN THE 1964-71 LIBERAL GOVERNMENT THAT STARTED THE POTASH PRORATIONING SYSTEM, SAID THE U.S. ACTION CONSTITUTES AN ATTEMPT BY THE U.S. GOVERNMENT TO IMPOSE ITS LAWS ON SASKATCHEWAN AND TO DENY SASKATCHEWAN THE RIGHT TO CONTROL ITS OWN RESOURCES.

"OF COURSE IT WAS PRICE FIXING," MR. STEUART SAID IN AN INTERVIEW. "WE SET THE PRICE...WE HAVE EVERY RIGHT TO DO IT." THE POTASH PRORATIONING SYSTEM, BEGUN IN A PERIOD OF POTASH OVERSUPPLY AND GIVEAWAY PRICES, ALLOCATED EACH SASKATCHEWAN POTASH COMPANY A SHARE OF THE MARKET AND SET A FLOOR PRICE SO THAT ALL THE COMPANIES COULD SURVIVE THE PERIOD OF OVERSUPPLY. THE PRORATIONING SYSTEM WAS EFFECTIVELY ABANDONED WHEN POTASH DEMAND PICKED UP.

BUT THE U.S. JUSTICE DEPARTMENT IS BRINGING PRICE-FIXING CHARGES AGAINST SOME OF THE PARTIES INVOLVED IN THE SITUATION AND THURSDAY RELEASED A LIST OF 157 PERSONS AND CORPORATIONS WHOM IT ASSOCIATED WITH PRICE-FIXING.

"NOT ILLEGAL"

MR. STEUART SAID THE PRICE-FIXING INVOLVED WAS COMPARABLE WITH THE ACTIVITIES OF AGRICULTURAL MARKETING BOARDS, NOT WITH ILLEGAL CORPORATE ACTS.

HE SAID THE FLOOR PRICE SET BY PRORATIONING ABOUT \$10 A TON, YIELDED ONLY MINIMAL PROFITS AND THE FREELY-ESTABLISHED PRICE TODAY IS ABOUT \$38 A TON.

ALSO, THE LIBERAL LEADER SAID, THE COMPANIES INVOLVED WERE GIVEN NO CHOICE BY THE GOVERNMENT OF THE DAY: THEY WERE TOLD THAT IF THEY DID NOT ACCEPT THE PRORATIONING SYSTEM, THEIR LICENCES TO MINE POTASH IN SASKATCHEWAN WOULD BE TAKEN AWAY.

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MR. STEUART, WHO WAS NAMED IN THE U.S. JUSTICE DEPARTMENT LIST, SAID HE ALSO OBJECTS TO THE FACT THE DEPARTMENT NAMED PERSONS, LIKE FORMER PREMIER ROSS THATCHER, WHO HAVE DIED AND CANNOT PUBLICLY DEFEND THEMSELVES.

MANY CANADIANS WERE NAMED AS "CO-CONSPIRATORS,"

BUT NO CHARGES WERE LAID AGAINST THEM.

MR. STEUART SAID BOTH THE FORMER LIBERAL GOVERNMENT AND THE PRESENT NDP PROVINCIAL GOVERNMENT WERE DEMOCRATICALLY ELECTED AND HAVE EVERY RIGHT TO CONTROL RESOURCES LIKE POTASH WITHOUT U.S. INTERVENTION.

DECRIES INTERVENTION

"I RESENT IT. I THINK IT'S A PIECE OF ARROGANT STUPIDITY ON THE PART OF THE GOVERNMENT OF THE UNITED STATES TO TRY TO INTERFERE IN WHAT HAS HAPPENED AND IS HAPPENING IN CANADA AND THE PROVINCE OF SASKATCHEWAN.

"OUR RESOURCE WAS BEING MISMANAGED IN OUR OPINION. SO WE MOVED IN TO SEE THAT IT WAS PROPERLY MANAGED. AND WE HAD EVERY RIGHT TO DO SO."

SUCH "DISGRACEFUL" U.S. ACTION, HE SAID, MAKES IT DIFFICULT FOR PERSONS LIKE HIMSELF TO DEFEND THE PRINCIPLE OF ALLOWING FOREIGN INVESTMENT IN CANADA ON CANADIAN TERMS.

IN A PREPARED STATEMENT, MR. STEUART ALSO DECLARED THAT "THE GOVERNMENT OF SASKATCHEWAN, REGARDLESS OF ITS POLITICAL PHILOSOPHY, HAS AN ABSOLUTE RIGHT TO DECIDE WHO SHALL DEVELOP OUR RESOURCES AND HOW THESE RESOURCES WILL BE DEVELOPED AND IT THEY WISH, HOW THE MARKET WILL BE DIVIDED."

HE ADDED THAT A U.S. JUSTICE DEPARTMENT REPRESENTATIVE INTERVIEWED HIM TWO WEEKS AGO AND HE TOLD THE LAWYER HE WOULD APPEAR AS A WITNESS; BUT AS UNCLASSIFIED

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A HOSTILE WITNESS.

ANOTHER PERSON NAMED IN THE U.S. LIST, FORMER MINERAL RESOURCES MINISTER KIM THORSON, TODAY DECLINED COMMENT.

OTHER CANADIANS NAMED INCLUDED THE CURRENT DEPUTY MINISTER OF MINERAL RESOURCES, JOHN WOTHERSPOON, AND A FORMER DEPUTY MINISTER OF MINERAL RESOURCES, JAMES CAWLEY, AS WELL AS FORMER LIBERAL MINERAL RESOURCES MINISTER ALEXANDER CAMERON. END QUOTE
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ANTITRUST, INVESTIGATIONS, NEWS MEDIA COMMENTS, POTASSIUM, PRICE FIXING
Control Number: n/a
Copy: SINGLE
Draft Date: 27 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OTTAWA03475
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760328-0112
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760812/aaaaakbp.tel
Line Count: 166
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 OTTAWA 3474
Review Action: RELEASED, APPROVED
Review Authority: harterdg
Review Comment: n/a
Review Content Flags:
Review Date: 23 AUG 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 AUG 2004 by SilvaL0>; APPROVED <16 DEC 2004 by harterdg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANTITRUST-POTASH- MEDIA REACTION
TAGS: ETRD, CA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006